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PRESENTATION

to the

ONTARIO COMMITTEE ON TAXATION

by the

ONTARIO FEDERATION OF AGRICULTURE

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November 15, 1963

Mr. Chairman and
Members of the Committee

Assessment and taxation of agricultural land have been of major concern to farmers for more than a decade. Consequently, much thought and study have been given to these matters over several years by Ontario farmers and their organization. As a result, a few firm, and several tentative, conclusions have been reached. The Ontario Federation of Agriculture welcomes this opportunity to express these conclusions to the Committee on Taxation. For the sake of brevity it will be necessary for us, in a number of areas, to refer only to information that we know will have come before you from other sources. Otherwise, we must depend on your desire to probe for further information in those areas where our intent has not been made clear in this brief.

Farmer interest was first focussed on the subject in an organized way in 1950 when the Ontario Federation of Agriculture convoked a representative meeting of farmers, assessors and municipal officers to express and hear views on all aspects of municipal taxation. The meeting led to the formation of a standing committee of the OFA, composed of farmers and assessors, to study assessment practices and to suggest means of correcting any faults which appeared to cause an inequitable apportionment of the municipal tax load.

During the early years of this committee, the main requests centred around the improvement of assessment practices with recommendations for training courses for assessors, the establishment of an Assessment Manual, mandatory use of the Manual, the establishment of larger assessment units, and operational changes in the Courts of Revision. In the late '50s or early '60s, our requests tended to centre not so much on the method of assessment

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but on the total burden of taxation and on increased grants to reduce property taxation. Details of our requests, in summary form, from 1950 to 1963 are attached as APPENDIX I.

During this thirteen-year period, the Ontario Government made constant changes to try and improve the lot of the farm property-owner with respect to his burden of property taxation. We saw the implementation of assessor training courses, provisions for the establishment of larger assessment units, the introduction of the county assessor and the county assessment commissioner, the establishment of regional offices for provincial assessors, the use of the Manual (although not made mandatory as requested), and a marked increase in provincial grants for education, justice, welfare and roads.

With each improved program of Government, farmers anticipated that they had gained the relief in taxation that they so urgently required. But with each year's tax bill they became painfully aware that the best intentions of the Provincial Government were being eroded by spiralling costs in the municipal administration, particularly in the field of education. So at the end of thirteen years, having run as fast as we could, the bear of taxation is nipping even closer at our heels. The combined efforts of Government and of all interested organizations to afford relief have fallen short of the desirable in property taxation. At this point, Government in its wisdom established the Select Committee on the Municipal Act and related Acts. While the continued efforts of this Committee will likely find further solutions that may keep us ahead of increasing costs, their findings, to date, have showed very clearly to the Government that something more creative in the way of taxation would have to be established if the burden of taxation were to be distributed equitably.

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We would be amiss if we did not express our appreciation to Government through this Committee for the extensive revisions that are being made to the Assessment Manual. From the opportunity we have had to study the new proposed method of assessing, we would express great faith that it will introduce a degree of equity in assessments that we have not previously enjoyed.

Although The Assessment Act for a number of years has provided that all properties be assessed at actual value, the practice of clinging to the 1940 base price has made a farce of the principle of actual value. We see, however, a number of problems arising out of the new Manual, mostly in the area of public education. For generations high assessment has meant high taxation. If a landowner were to receive in the next three years an assessment which tripled or quadrupled his present assessment without any prior explanation, ensuing complaints could easily destroy the program before it is introduced.

Municipal leaders, especially, will need to be informed respecting the use of the new Manual because they have become accustomed to relating all of their public spending to present low assessments. If they see these new tripled and quadrupled total assessments they may see an opportunity for even larger public spending, with the result that, where the mill rate should have been divided by three or four, we will find it divided only by two and the resultant tax will be 25% higher than before the new assessment. In order to see that municipal leaders do not err in their judgement in this regard, it may be desirable that the Department of Municipal Affairs exercise a degree of budgetary control similar to that imposed by the Department on supplementary budget by-laws. Without such control, the farmers' convictions respecting

the close relationship between high assessment and high taxation will be reinforced.

The Ontario Federation of Agriculture, in all fairness, can only adopt a "wait and see" attitude concerning the success of the new Manual, but certainly is prepared to pool its resources with those of the Department of Municipal Affairs to see that the most effective program of public education can be carried out. We must insist that if the new Manual is to be used, not one assessor in the Province of Ontario can be allowed to use any other Manual no matter how sincerely he believes in its dictates.

In our brief, presented to Government in 1960 (see APPENDIX I), it was clearly shown that in the years 1946 to 1959 the municipal tax load had moved from $13.9 million to $42,290,000 -- an increase of more than 200% in thirteen years. During the same thirteen-year interval, net income from farming operations registered an overall gain of 29%.

Even a casual look at individual tax bills throughout the Province of Ontario will establish that the annual per acre tax equals or exceeds what would be considered the normal rental value on a per acre basis for the same farm property. In Ontario, it is difficult to obtain rental figures for farm land but it would appear that they range from $4.00 to $15.00 an acre, depending on the use to which the land can be put. However, the tax bills on these properties range from $200.00 to $1500.00 per 100 acres and in some particular cases the total tax exceeds the rental being paid. In the light of this situation, it is the belief of the Ontario Federation of Agriculture that even the most equitable assessment on our present basis of taxation will result in an unbearable burden on property, both rural and urban.

The high municipal property taxes which we are now paying are the direct result of the high costs of social services which society has demanded. While the most notable of these is education, welfare and justice should not be overlooked. Inequity has developed not necessarily because of the unsatisfactory application of assessment procedures but because we have chosen to tax property for services related to people, even though property in many instances bears no relationship to the services demanded by people. This erroneous decision to tax property for services to people becomes most iniquitous in our mixed rural-urban environment. One does not have to look very far in our present economy to recognize that real property, under its present accepted definition, in no sense represents the total income-producing wealth* of our nation. As members of the Ontario Committee on Taxation, for example, you sit in judgement on various presentations without any use of any taxable real property other than the building in which you now sit and the homes in which you reside. Your total ability to produce income is related to your mental capacity, education and experience. These items provide for you an opportunity to make income in the same manner in which 100 acres of land provide an opportunity for a farmer to produce income. For municipal purposes the property is taxed, your ability is not.

Each year real property becomes less representative of the total income-producing wealth of the nation.

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* In developing our thesis, we have defined "wealth" in the restricted sense as including all agents, tangible or intangible, capable of yielding income. "The distribution of income among people depends .... upon the way in which the ownership of income-getting agents is distributed among them. These income-getting agents fall into two main divisions: income-yielding property belonging to individual men and women, and the personal capacity for earning income embodied in these men and women themselves."

Pigou, A.C., "Income", MacMillan & Company 1949, p. 108.

If we are to obtain equitable taxation it will be necessary for us to tax all wealth, whether tangible or intangible. To a high degree, the measure of intangible income-producing wealth is the income derived from that wealth.

Before setting forth the major problems that the Ontario Federation of Agriculture sees in the present taxation system, we would like to be assured that the Committee agrees that any taxation should be based on the concept of ability to pay, recognizing also the practical matter of collectability. It is the belief of our organization that if any member of society is obliged to sacrifice to pay taxes then all members of society should be obliged to sacrifice proportionately. If a fair and equitable taxation system is to be established it must be recognized that all members of society will contribute in direct proportion to their ability. It becomes a further responsibility of society to see that each individual is provided with an opportunity to develop this ability.

PROBLEM AREAS

Following two years of intensive education and discussion on the whole concept of real property assessment and taxation, the Federation of Agriculture convened a meeting of provincial representatives of member bodies to list major problems. From this meeting several points emerged. The following are offered for your consideration:

1. Because of the mobility of people a situation has emerged where a high percentage of the labour force may be resident in one municipality and employed in another. This creates a situation where the industrial and commercial tax base in a municipality may bear no relationship to the services required for people by the municipality. This inequitable tax base results in inequitable tax burden as between municipalities.

2. This same mobility of people creates concentration of requirements for educational facilities in areas without corresponding concentration of assessment.

3. The farmer has long recognized, in spite of the best words of assessors to the contrary, that a coat of paint or property improvements in general result in an increased assessment and the resulting higher tax. This has become so acute in some agricultural areas, particularly where landowners are assembling large blocks of land, that they deliberately destroy, or allow to go into a state of disrepair, the existing buildings so that these will be removed from the assessment roles.

4. Concerning ability to pay, the typical farm landowner has a large assessable capital investment yielding a return for labour and management considerably below what other businesses would find acceptable. Thus, we might find a farmer with some $3,000 to $5,000 net income paying real property taxes in the neighbourhood of from $500 to $800 where another citizen with a similar net income might be paying from $200 to $400 in property taxation. In many cases the public services demanded by the latter would exceed those demanded by the former.

5. Perhaps one matter with which farmers are most conversant is the uninterrupted rise in public spending. At the same time, as the economic pressures of landowners are forcing them to practise every possible economy they perceive an apparent lack of economy in the expenditure of public funds. Although rural people are not prepared to be content with second class facilities, they are critical of waste as evidenced by practices followed in constructing

consolidated schools in this province where the newly appointed board reviews several school structures, picks out the features which they like and directs their architect to produce a school with all of these features built in. The resulting school structure runs at about double the cost of an adequate building. Because of our present tax structure farmers invariably contribute at double the rate of contribution by non-agricultural residents.

6. During the past fifteen years, many improvements have been made in the training programs for assessors. Yet, attendance at all of these training programs has been on a voluntary basis. The result has been that, despite a marked improvement in some areas, the equality of assessment as between municipalities has remained unchanged in many areas.

7. Under our present Assessment Act the owner has little chance of winning an appeal on his assessment because the assessor, through the process of law, is not required to defend his assessment, while the onus is left on the landowner, despite his limited knowledge of assessment methods and procedures, to prove where the assessor has erred in his judgement.

8. As referred to earlier, the assessment of property at 1940 values has made it virtually impossible to assess, with any degree of equity or accuracy, buildings and structures created since that time. They have utility of design that was not even conceived of in the base year on which the assessment was established.

9. There is a lack of understanding by taxpayers as to the total tax base as well as the sources and distribution of tax revenues. Many people see only the property and income taxes as public revenues and do not recognize even the existence of many hidden taxes.

10. Many communities have been weakened economically by municipal boundary changes, particularly through annexation. In none of the municipal boundary changes that have occurred in the past fifteen years has there been any attempt by means of public education to foster public understanding of the rationale behind the boundary changes. These boundary changes have been forced upon people by judicial arbitration. Authorities have failed to recognize that the wisest decision, if not understood by the persons affected, will be resented and every lawful attempt will be made to defeat the purposes of the decision.

11. As we observe assessments from municipality to municipality we find great discrepancies between total assessments of like properties with like income-producing abilities. This lack of uniformity or equity, although corrected for provincial grant purposes by equalized assessments, still results in differences in taxes paid between similar classes of ratepayers.

12. The past five years have seen a further division in classes of taxpayers, arising out of the speedy expansion of summer cottage and recreational areas. We have seen summer cottagers take over the total administration of otherwise rural municipalities.

13. In numerous municipalities there is an unfair distribution of the tax burden because of the cost of capital works being levied on a general rate while only a portion of the administrative area is able to receive utility from the public works.

PROPOSED SOLUTIONS

From recommendations proposed by member organizations at the meeting referred to earlier, the Ontario Federation of Agriculture has assembled the following solutions to the inequitable apportionment of the tax burden:

1. Basic to any solution, we feel that clear recognition must be given to the principle that people must pay for social services and that property must pay for property services. Property can be expected to pay for roads, the administration of titles, and property protection. But people, through personal income or sales taxes, should pay for social services such as education, welfare and justice, and steps should be taken toward accomplishing this ideal.

2. If we are to continue our present system of property taxation, farmers in the province of Ontario are convinced that farm land should be required to pay only for services to land; and further, that in establishing tax bases, recognition should be given to the ability of farm land to produce income. On the other hand, if farm management is to be taxed, the tax should be related to personal income.

3. We propose that tax revenues for purposes of education and other social services be collected by means of a provincial levy on industrial and commercial properties and that the proceeds be distributed throughout the province on a per pupil or per capita basis according to the service required. Note our suggestion that the levy for industrial and commercial development be a provincial levy rather than a local levy. Under this proposal, industrial and commercial properties would no longer pay school taxes on the basis of the area in which they are

located but, instead, would pay according to a fixed rate for the province or, at least, a fixed rate for areas within the province. This fixed rate could be used to influence the location of industry. We can appreciate that this proposal is likely to be politically unpopular. However, if we are to continue our present system of real property taxation we must consider the greater measure of equity that such a system would introduce. This system could be effective only if assessments are made on a uniform basis in the province.

4. Farm people are unanimous in their request that further authority be used to check the volume of public spending. For example, there could be increased utilization of education facilities, greater standardization of school plans, and standardization of school texts. On this latter point in particular, we submit that society cannot afford the luxury of paying for the speculative costs of several publishing firms nor of providing a handsome retirement fund for teachers who retire and write textbooks and get them approved for use by a few friendly inspectors.

Perhaps the most urgent need is public awareness of the total cost of our education plant and equipment. Most often when school expansions are approved they are sold to the public on the basis of how little they will cost the local taxpayer and no recognition is given to the total cost to society.

5. Many arguments have raged and many sentiments have been expressed with respect to the responsibility for education. Originally, the members of the school board or the trustees were responsible for all education in a municipality. With the ever-increasing grant

structure more and more control has been assumed by the province and less and less responsibility has been assumed by local authority. From our study we were unable to find a single school board that felt at present it enjoyed any real autonomy. Their actions are restricted by the limitations of government grants and the unrelenting and sometimes unrealistic pressures for higher salaries. Many of the school boards expressed the opinion that they were small caretaker boards. We believe that caretaker school boards are neither economical nor effective; yet, to recommend total provincial authority is perhaps perpetuating the evil of bigness.

This, we feel, is an unfortunate situation and steps should be taken to give school boards greater responsibility. We do not feel, however, that the role of the school board would be substantially changed if the teachers were to become civil servants and the further costs were to be met by the Provincial and Federal governments.

6. A matter referred to earlier in this presentation was the need for public understanding of the principles of assessment and taxation. It is our belief that, starting with the public school system, a thorough explanation of the principles of taxation including hidden taxes should be included as part of history and mathematics courses in our schools. The Committee, for its own information, might be surprised at the average inability of any ten citizens chosen at random to calculate taxes, given the mill rate and the assessment.

7. The Ontario Federation of Agriculture believes that, as a result of its study on taxation, there should

be established a minimum and maximum property tax directly applicable to each taxpayer on privately owned property. This, we feel, is most significant in the area of education if we are to continue to raise either all or part of our education tax through property taxation at municipal level. The actual effect of such a tax would be to apply a per capita or per householder tax at a fixed rate. This would avoid a large burden of education costs being placed on society by properties of low assessment, for example, the low rental extra farm home, multiple occupancy dwellings, etc.

8. If any of our social costs are to continue to be borne by property then we feel these costs should be applied on a per capita basis. This would assist in controlling multiple occupancy of single family dwellings which creates one of the most serious burdens on education facilities.

9. In view of the present problem in assessment appeals, we feel that the process of law should be reviewed to provide for the assessor to show cause for his assessment in any Court where property assessment is under appeal; and further, that The Assessment Act be amended to provide for an appeal from the resultant tax on any assessment on the basis of the income yielded by farm property.

ALTERNATIVE TAXATION

From the directive given by the Committee on Taxation, there is a request for information relative to alternative means of taxation. In evaluating any existing or planned methods of taxation, it appears there are three basic criteria: (1) the equity of the tax on all taxpayers as related (2) to their ability to pay, (3) the collectability.

On the basis of these criteria, the Ontario Federation of Agriculture feels that the income tax and the sales tax measure up most successfully. Farm landowners showed considerable interest in the capital gains or added tax if it were applied equally to all forms of wealth - i.e. land, stocks, bonds, and property. Also, there is no criticism from farm people regarding luxury and amusement taxes, or any similar tax where the taxpayer has an opportunity to accept or reject the service and, thus, accept or reject the tax.

Although gambling may be considered a moral rather than an economic issue, the Ontario Federation of Agriculture feels that if we are to continue to ineffectually control gambling and lotteries we should at least seek to have the revenues provided by these activities funnelled back into our public accounts for purposes of the necessary police and administrative costs involved.

From our total examination of taxation there appears to be one most urgent need of all citizens of the Province of Ontario, and that is an opportunity to understand that taxes are not a penalty but rather a system by which we agree to pool our resources in public spending to buy those services which we can more efficiently purchase as a group than as individuals. To bring about this degree of public understanding it requires an honesty of purpose which none of us seems prepared to accept to-day. Over many years, we have been tutored by our politicians to believe that they give us an allowance free. Unless we are prepared to demand a careful accounting of this "allowance" and recognize that it is only made possible by our co-operative efforts then the whole idea of democratic, responsible government will disappear.

Respectfully submitted.

Following is a list of the organizations that are affiliated with the Ontario Federation of Agriculture:

County and District Federations of Agriculture

Algoma
Brant
Bruce
Carleton
Cochrane

Dufferin
Dundas
Durham
Elgin
Essex

Frontenac
Glengarry
Grenville
Grey
Haldimand
Halton

Hastings
Huron
Kent
Lambton
Lanark

Leeds
Lennox & Addington
Lincoln
Manitoulin

Middlesex
Nipissing
Norfolk
Northumberland
Ontario
Oxford

Peel
Perth
Peterborough
Prescott
Prince Edward

Renfrew
Russell
Simcoe
Stormont
Temiskaming

Victoria
Waterloo
Welland
Wellington
Wentworth
York

Commodity Marketing Groups

Ontario Bean Growers' Marketing Board
Ontario Beekeepers Association
Ontario Broiler Growers' Association
Burley Tobacco Marketing Association of Ontario
Ontario Cheese Producers' Marketing Board

Ontario Commercial Corn Growers' Association
Ontario Concentrated Milk Producers' Association
Ontario Cream Producers' Marketing Board
Ontario Flue-Cured Tobacco Growers' Marketing Board
Ontario Fresh Peach Growers' Marketing Board

Ontario Fruit and Vegetable Growers' Association
Ontario Grape Growers' Marketing Board
Ontario Hog Producers' Marketing Board
Ontario Poultry Producers Association
Ontario Seed Corn Growers' Marketing Board

Ontario Soya-bean Growers' Marketing Board
Ontario Sugar Beet Growers' Marketing Board
Ontario Tender Fruit Growers' Marketing Board
Ontario Turkey Association

Ontario Vegetable Growers Marketing Board
Ontario Wheat Producers' Marketing Board
Ontario Whole Milk Producers' League

Co-operative Organizations

Co-operative Medical Services Federation of Ontario
Farmers' Allied Meat Enterprises Co-operative Limited
First Co-operative Packers of Ontario Limited
United Co-operatives of Ontario
United Dairy and Poultry Co-operative

Service and Educational Organizations

Federated Women's Institutes of Ontario
Junior Farmers' Association of Ontario
L'Union Catholique des Fermieres de la Province de L'Ontario
L'Union des Cultivateurs Franco-Ontariens

Ontario Beef Improvement Association
Ontario Plowmen's Association
Ontario Poultry Council
Ontario Soil and Crop Improvement Association

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SUMMARY OF ONTARIO FEDERATION OF AGRICULTURE'S PRESENTATIONS TO GOVERNMENT

1950 - 1963

1950 -- Rapid increases in population in rural areas adjacent to large urban centres made increasing demands in these areas for taxation for educational, sanitary, fire protection and other services. This results in assessment of suburban property, in proportion to services required, being out of line with assessment on farm land. The purely rural portion of the municipality was thus burdened with an excessive rate of taxation. We felt this problem was quite familiar to the Ontario Government, but nevertheless we urged that the Department of Municipal Affairs renew efforts to find some means whereby taxes in these areas would show a more equitable relationship to services rendered.

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1951 -- The following recommendations were made:

1. That permissive legislation be provided to enable a County Council to employ all assessors in the county on a full-time basis responsible to the County assessor. Two or more municipalities could be grouped together to provide sufficient work for a full-time assessor. It was felt that in this new relationship of the responsibility to the County Assessor, the Township officer would no longer be placed in the vulnerable position he found himself in at that time.

2. (a) That a broad public relations program be instituted to keep the public informed on the whole program of municipal assessment.
   (b) Personnel being the basic point of importance when engaging an Assessor, it remained of equal importance that a complete assessor's training program be provided whereby all assessors would be required to meet a high standard of qualification before being engaged.

3. (a) As a result of industrialization and mass, increased suburban development, there was potential demand for new educational facilities to handle an increasing school population. We suggested that full capital costs of educational buildings should be borne by the Federal and Provincial Governments.
   (b) Since some municipalities were already burdened with capital costs we felt it should be possible to make such a plan retroactive.

4. The expanding need for social services of many kinds added greatly to the problem in these assessment areas. Although the County Assessor plan would help, we suggested that steps be taken to relieve the unfair burden on the purely agricultural areas.

5. We asked that an independent survey of the whole system of direct taxes should be undertaken.

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1952 -- We expressed thanks to the Government for the steps taken in establishing the "County Assessor System".

We requested that the productivity of the soil should be the prime factor to be considered in the establishment of assessment for taxation purposes and that the farmer should not be penalized for improvement.

We congratulated government for the establishment of the manual and recommended its use. We felt that the rental factor should be made more explicit so that a greater degree of uniformity would be established from county to county.

With respect to the County and Local Assessor we recommended:

1. That they should have professional status,
2. That they should have specific training,
3. That they should be provided with full-time employment,
4. That employment arrangements should be such as to provide for a uniform program across the province.

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1953 -- The following recommendations were made:

1. (a) That all counties appoint a County Assessor.
   (b) That Township Assessors be hired by the county and supervised by the County Assessor.
   (c) That a County Assessor's office be established in each county.
   (d) That county Courts of Revision replace township courts.
   (e) That the Assessor's Manual be used uniformly across the province.
2. That an Assessor training and refresher course be established to provide adequate training for assessors.
3. That the rental factor in the Manual be made more explicit and that it apply uniformly across the province.
4. That a Provincial Director of Assessors be appointed.
5. That an educational program be carried out to acquaint the people with the advantages of uniform assessment -- farm organizations, including Farm Forums to help with such a program.

6. That the Department of Municipal Affairs be requested to change the Municipal Act to read "the County Federations of Agriculture" instead of the O.F.A.

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1954 -- All requests of 1953 were repeated.

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1955 -- We urged the Government to review the matter of inequalities with respect to education costs and asked that the Assessment Act be amended to authorize local municipalities to tax all dwellings a minimum of $25.00 each.

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1956 -- Our brief to Government reiterated our requests of 1953, '54, '55, plus the following recommendations:

1. That the use of the Assessment Manual be made mandatory,
2. That Courts of Revision be independent of Councils and councillors,
3. That only competent Assessors be hired,
4. That the Assessment Act be amended to provide for:
   (a) minimum assessment on dwellings,
   (b) a clearer definition of a "farm",
5. That the provincial Assessment Manual be changed so that:
   (a) the application of the rental factor would be defined more clearly,
   (b) greater differential between soil values would be reflected in the assessed value.

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1957 -- We merely requested the Government to bring to the attention of the Department of Municipal Affairs matters concerning:

(a) Municipal Assessment and Taxation
(b) School Costs.

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1958 -- A general presentation was made to Government with reference to the imbalance of Farm Taxation and we summarized our request in the following words: "It appeared to be the general feeling of our Convention that the entire field of assessment and taxation in the province might well be studied and reviewed with special attention to the situation in rural areas, with the object of deciding what changes might be undertaken to remedy existing problems and seeming injustices."

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1959 -- The Members meeting of September that year approved resolutions asking for:

> A minimum tax for education purposes for dwellings used for year-round occupancy; that only qualified assessors be engaged; that in five years all assessors be obliged to hold a certificate as Members of the Institute of Municipal Appraisers; and that use of the Manual be made mandatory.

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1960 -- A prime item of farm expense in almost all sections of the province is the muncipal property tax. A comprehensive analysis of the effect of the farmer's tax contribution on his economic well-being, or its size in relation to taxes paid by comparable segments of the economy outside of agriculture is difficult. Farmers themselves would be primarily concerned with the relationship between municipal taxes and ability to pay. While ability to pay may not be the sole guide to the justness of a tax load, it must have, ultimately, an important bearing. Consider the circumstances which farmers face. During the period from 1926 to 1946, total annual municipal taxes on owned farm land and buildings in Ontario ranged between $12.8 million and $17.4 million. In 1946, when taxes amounted to $13.9 million, a steady upward trend began. By 1959, the municipal tax burden on farmers had reached $42,290,000. This is an increase of more than 200% in 13 years. During the same 13-year interval, net income from farming operations registered an overall gain of only 29%. It is true that there was an appreciation in the value of farm land and buildings during the same period, but this amounted only to about 73.5%. On the basis of these few calculations it is easy to see why farmers are exercised. In areas adjacent to or within urban municipalities the weight of the tax on farm land is especially severe, since urban extension has forced the farmer to assume a large share of the cost of services for which he has felt no need. The problem has other aspects, among which the effect on farmers of recent legislation designed to control ribbon development along highways and urban sprawl is of major interest.

In November of this year the OFA, in annual convention, gave attention to assessment and taxation. In keeping with the resolution arising from the discussion on this topic the OFA requests the Ontario Government to establish a Select Committee to examine the fields of assessment and taxation, municipal finance, and municipal administration with a view toward a more equitable distribution, as between

urban and rural ratepayers, of the costs of education and other services, including costs of municipal administration, as well as to study the undesirable features of present methods of land use control. Implicit in this recommendation is the suggestion that traditional basis of tax application, especially for educational purposes, may not meet the requirements of the present day.

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1961 -- The mention of research recalls the OFA request last year for a Select Committee to "examine the fields of municipal assessment and taxation, especially with a view to the development of new bases of taxation to support the burdensome costs of municipal services including education." Last year's brief dwelt at length with the factor of rising farm production costs and blamed an outdated municipal tax system and haphazard urban expansion for a large share of the cost rise. The OFA is pleased to note that its request for a Select Committee has been granted.

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1963 -- The OFA by conference resolution urges that, in the preparation of the new assessment manual, consideration be given to the following principles:

1. that the method of assessing farm property be distinct from the method used in assessing residential property in rural areas;
2. that taxes for education and other social services be levied on the assessment of the farm dwelling and one acre;
3. that the average assessment on residential properties expressed as a percentage of average market value be approximately equal to the average assessment on occupied farms, also expressed as a percentage of average market value.

We should like to draw attention at this juncture to the fact of our having made a submission to the Select Committee on the Municipal Act and Related Acts, in which alternative proposals to the above were offered. Also, in view of the impending publication of a new assessor's manual, we should welcome an opportunity to examine and discuss this manual at an appropriate time.

Another municipal matter discussed by the OFA Conference was annexation. It was resolved that the Government be requested to assist the OFA in a joint study of problems associated with annexation. It was proposed that the Departments of Planning and Development and Municipal Affairs be asked to undertake the Government's share of the investigation.